MIAMIBEACH

OFFICE OF THE CITY MANAGER

NO. LTC # 087-2006

LETTER TO COMMISSION

TO: Mayor David Dermer and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager For JMG

DATE: April 3, 2006

SUBJECT: Convention Center Workshop- CSL Presentation and Reports

The purpose of this Letter to Commission is to provide you with a copy of the CSL presentation, which was part of the March 27, 2006 Convention Center Workshop.

Attached please find a copy of the CSL power point presentation as well as the 2001 and 2005 reports for your information and review.

If you have any questions, please feel free to contact me.

JMG/DM

Attachments

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CITY CLERK'S OFFICE

August 14, 2005

Mr. William D. Talbert, III
President and CEO
Greater Miami Convention & Visitors Bureau
701 Brickell Avenue, Suite 2700
Miami, Florida 33131

Cc: Ms. Ita Moriarty

Dear Mr. Talbert:

It is my understanding that discussion regarding the sizing for future general session/ballroom space development for the Miami Beach Convention Center is taking place. As you know, CSL continually tracks changes to the industry in terms of facility development, market demand, event planner preferences and related characteristics. This information may be useful to key decision makers during these discussions, and I have therefore summarized a portion of our latest research regarding the development of general session/ballroom space within major convention destinations around the country.

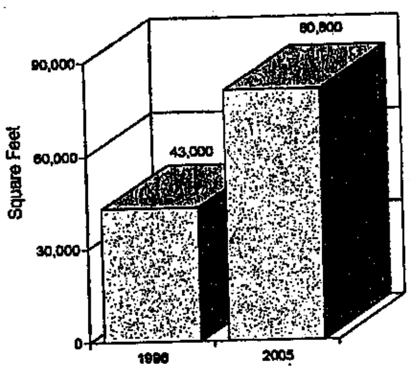
A significant change within the industry is clearly rooted in the increasing importance of general session/ballroom space. In recent years, these facilities have become highly desired space in convention centers, due both to their flexibility in hosting many types of activities and the changing nature of the event industry itself. The ballroom of past years is today programmed with general session lectures, product demonstrations, overflow exhibit space, performances and other functions, many of which receive and/or broadcast digital content.

Recent research conducted by CSL indicates a significant shift in the mix of space offered in "state-of-the-industry" convention centers throughout the country. Specifically, the space offerings of 18 major U.S. convention centers that have undertaken recent expansion or are planning expansion have been analyzed (these centers, along with corresponding general session/ballroom space, are listed near the conclusion of this memo).

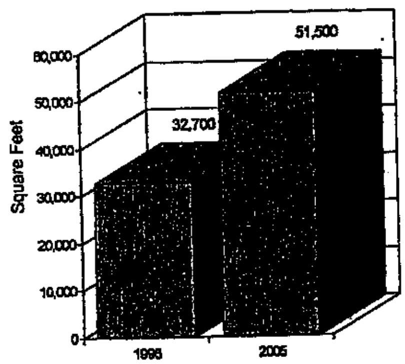
Conventions, Sports & Leisure International
1907 East Wayzata Boulevard, Suite 250 • Wayzata, MN 55391 • Telephone 952.476.5900 • Facsimile 952.476.0005

In the exhibit shown below, we present the average square footage of total and contiguous general session/ballroom space among the centers reviewed, focusing on space levels in 1996 versus current/planned space levels.

Average Square Footage of Total Facility General Session/Ballroom Space



Average Square Footage of Largest General Session/Ballroom Space

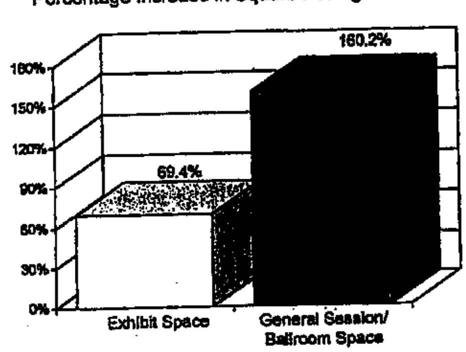


NOTE: 18 major U.S. convention centers that have undertaken expansion since 1996 were analyzed. Figures for both years only reflect centers that possessed at least one general session/ballroom. Five of the 18 centers reviewed did not possess a traditional general session/ballroom in 1996, while all facilities currently integrate at least one ballroom.

As noted, the total general session/ballroom square footage in the centers reviewed has increased by approximately 37,800 square feet since 1996, from a total per facility amount of 43,000 square feet to 80,800 square feet. In effect, these centers have gone from single, modestly-sized ballrooms to multiple general session/ballroom spaces. Looking only at the largest contiguous ballroom space within the centers reviewed, we see an increase of nearly 19,000 square feet, rising to approximately 51,500 square feet for the largest primary ballroom/general session hall in the average facility.

It is also interesting to consider the increases in general session/ballroom space relative to the increases in exhibit space. We have calculated the percentage increase in exhibit space at the 18 centers reviewed, along with the corresponding increase in general session/ballroom space. This data is presented in the following exhibit.

Percentage Increase in Square Footage Since 1996



NOTE: Data reflects figures from 18 major U.S. convention centers that have undertaken expansion since 1996. Includes figures from five facilities that did not possess traditional ballrooms in 1996.
Source: Facility floorplans, 1996 & 2005

As noted above, convention center expansions in recent years have resulted in a 69.4 percent increase in exhibit space, with a corresponding 160.2 percent increase in general session/ballroom space. This is further indication of the relative importance of the varied functions that are being held in general session/ballroom areas.

In sizing a general session/ballroom space, it is critical to recognize that multiple overlapping groups, both local and non-local, will seek to book the center. Multiple overlapping events are routine occurrences at most major centers. As a result, a general session/ballroom space has to be sized accordingly. For example, two events, each with relatively modest space needs may combine to require 50,000 square feet. On occasion, general session space needs for larger single events may require this much or more space.

In general, it is critical that space planning reflect the highly multi-use nature of the general session/ballroom space, and the high demand for this space from numerous event segments. Industry data suggest that major centers around the country are reflecting this in their overall program of space.

The set of facilities used for this analysis include those that have undergone recent expansion in primary convention and tradeshow markets. These are listed below, along with the square footage of contiguous and total general session/ballroom space.

City, State	Facility	Largest Contiguous Gen. Session/ Ballroom (sq. ft.)	Total Gen. Session/ Ballroom Space (sq. ft.)
Chicago, IL	McCormick Place	60,000	160,000
New Orleans, LA	Ernest N. Morial Convention Center	60,000	127,000
Phoenix, AZ	Phoenix Civic Plaza	48,000	122,000
Las Vegas, NV	Las Vegas Convention Center *	100,000	100,000
San Francisco, CA	Moscone Center	56,300	99,000
Philadelphia, PA	Pennsylvania Convention Center *	60,000	93,000
San Antonio, TX	Henry B. Gonzalez Convention Center	39,800	90,100
New York, NY	Javits Center *	86,000	86,000
Denver, CO	Colorado Convention Center	50,000	85,000
San Diego, CA	San Diego Convention Center	41,000	81,700
Orlando, FL	Orange County Convention Center	62,200	78,200
Kansas City, MO	Bartle Hall	40,000	63,900
Atlanta, GA	Georgia World Congress	33,000	58,700
Washington, D.C.	Washington Convention Center	52,000	52,000
Dallas, TX	Dallas Convention Center	27,000	46,100
Boston, MA	Boston Convention and Expo Center	41,000	41,000
Anaheim, CA	Anaheim Convention Center	38,100	38,100
Houston, TX	George R. Brown Convention Center	31,600	31,600

* Planned expansion projects.

It should be noted that the Javits Center in New York, the Pennsylvania Convention Center and the Las Vegas Convention Center reflect data for planned expansions. In addition, consideration is being given to expanding the ballroom/general assembly space available in the Anaheim Convention Center, which is also undersized relative to other new/expanded comparable facilities. The Moscone Center in San Francisco recently completed an expansion which includes three levels of multi-use space. The third level at 56,300 square feet is most often used for food functions, general sessions and meetings.

Convention center representatives in Dallas and Houston, two of the markets providing smaller than industry average ballrooms, were contacted and further questioned as to the marketability and the functionality of their ballroom offerings.

Specifically, the Dallas Convention Center provides two non-contiguous ballrooms of 27,000 and 19,100 square feet. Center management recognizes a growing demand for a larger contiguous ballroom and plans are currently underway to mitigate these ballroom space limitations, including: (1) a large unfinished space (developed under the most recent expansion, but not finished due to funding constraints) may be renovated in a planned expansion (slated for a completion in 2008) to create an additional large ballroom within the Center; and (2) a planned new Marriott headquarters hotel (that will be attached to the Center) will integrate more than 80,000 square feet of ballroom space, of which 50,000 square feet of contiguous space will be offered in the largest ballroom. Additionally, the existing Hyatt headquarters hotel integrates 50,000 square feet of total ballroom space (30,000 and 20,000 square feet, respectively) and plans are underway to connect the hotel to the Center via skybridge.

In Houston, the George R. Brown Convention Center currently has one Grand Ballroom which currently offers 31,600 square feet. Center management indicated it is becoming increasingly problematic to service the general assembly and ballroom needs of some of their largest groups. In many of these cases, groups will use a portion of the exhibit hall to fulfill their general assembly needs, as well as the facility's 3,000-capacity fixed seat auditorium. Additionally, the attached Hilton headquarters hotel offers two large ballrooms (40,000 and 26,000 square feet, respectively), which are also used by some events. While no current plans are in place to expand the Center's ballroom/general assembly offerings, management believes that their limitations will likely have to be addressed at some point in the future.

Of interest regarding the Miami Beach convention product, consideration is being given to an alternate use for the Jackie Gleason Theater (i.e., Cirque du Soleil). Four to six times annually, the Theater is used for general session functions related to room-night generating conventions. If the use of the Theater for these functions is limited, the ability to host such events would be substantially limited. This would place added pressure to host large general session/ballroom functions in exhibit areas, which is a costly and less than desirable alternative. Future space planning efforts should take this condition into consideration.

* * * * * *

As development continues for the Miami Beach Convention Center, it should be noted that in the original 2001 feasibility study conducted by CSL, recommendations included the development of a 50,000 square foot general session/ballroom space. This sizing was designed to accommodate both single larger events, as well as multiple overlapping events. Subsequent to our original 2001 research, trends in the industry (both for association and corporate events) indicate that general session/ballroom space has become more, not less, of a factor in event planner consideration of a facility. In February of 2005, we conducted an updated assessment of competitive facility development and industry trends, which further indicated that the general session/ballroom space has increased in importance among meeting planners. Going forward from this point, it will be important to maintain a relatively high level of general session/ballroom space development to accommodate the potential market for Center, with a 50,000 square foot threshold as a minimum level of space development.

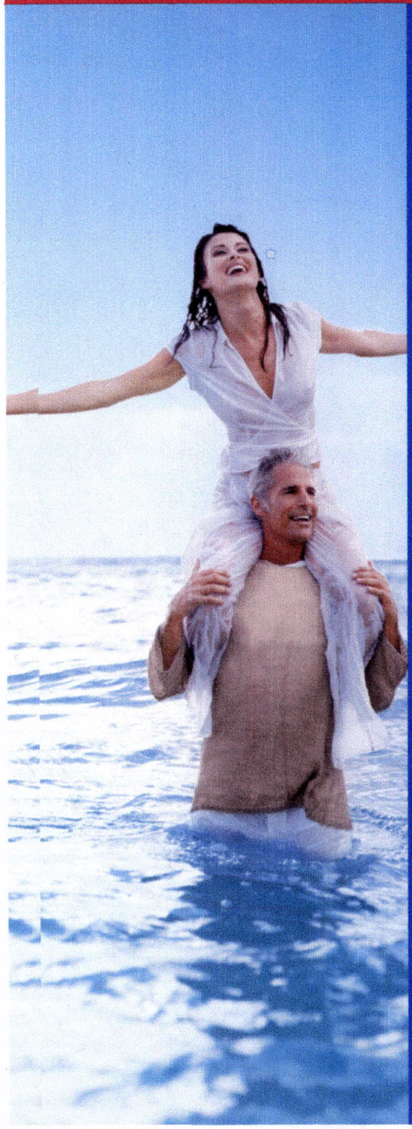
We sincerely appreciate the opportunity to assist you with this project. If you have any further questions or comments, please do not hesitate to call me at (952) 476-5900, ext., 205.

Sincerely,

John T. Kaatz

MIAMI

GREATER MIAMI CONVENTION & VISITORS BUREAU

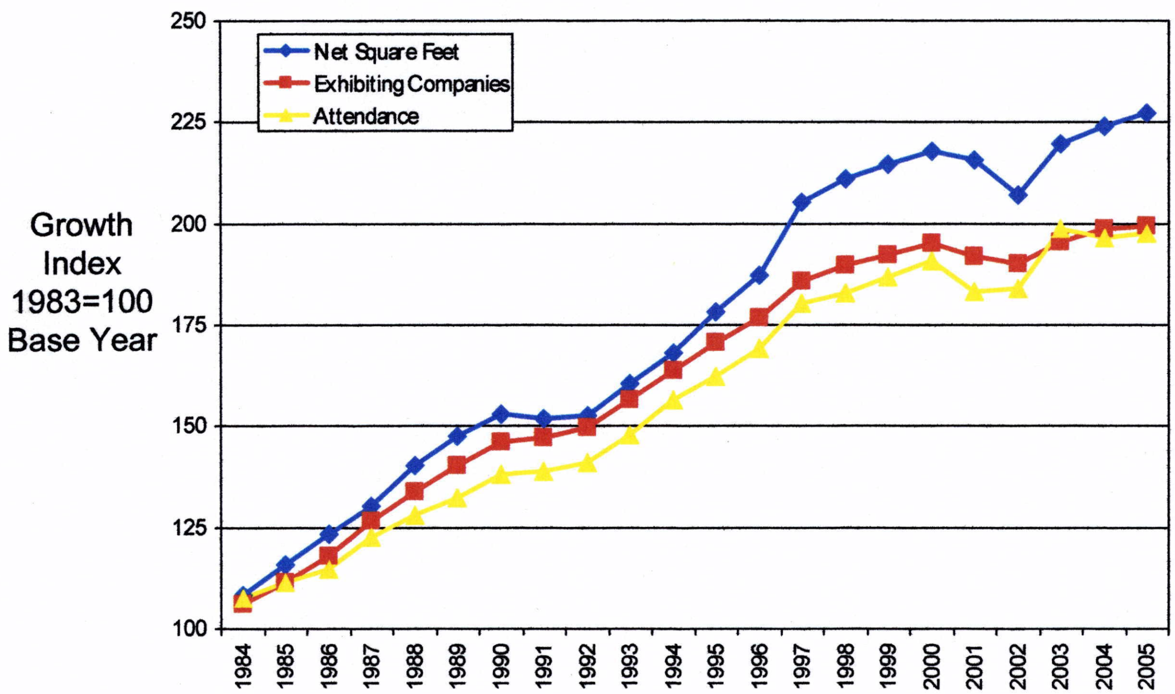


Chair's Report

Maria Sastre

CONVENTIONS SPORTS & LEISURE

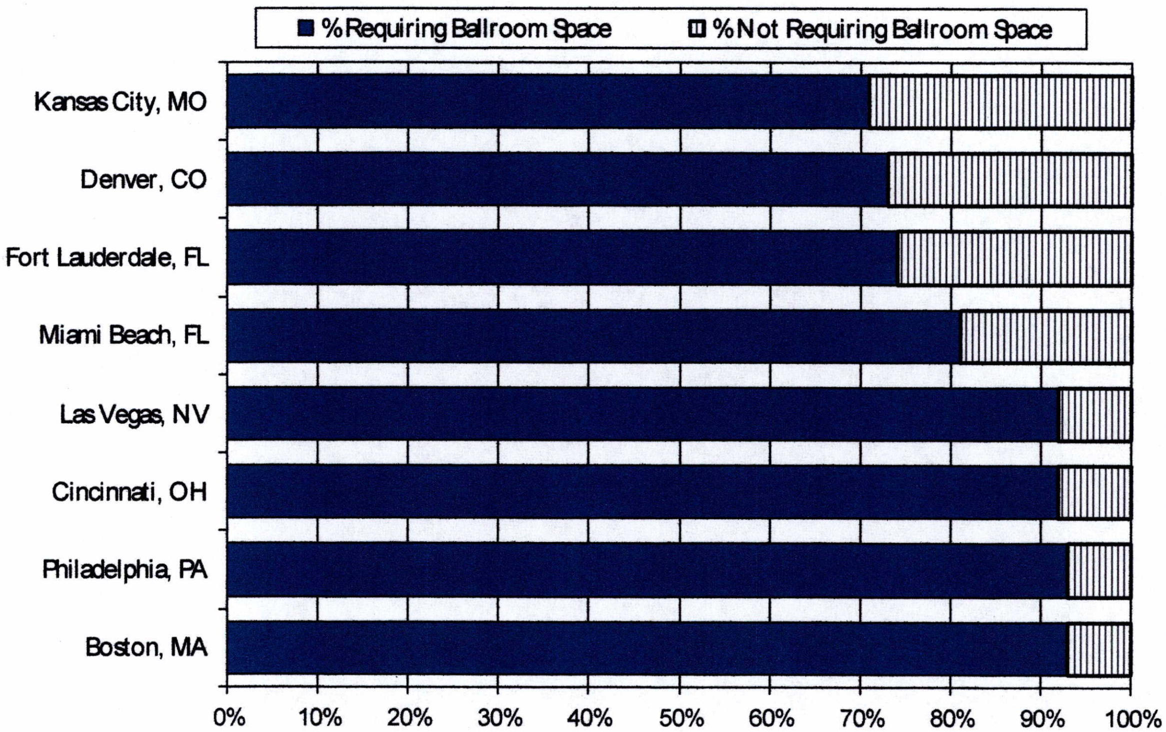
Summary of Industry Trends



Source: Tradeshow Week, 2006

- Meetings and convention industry - a $122.3 billion industry.
- Industry support for 1,710,000 jobs.
- Consistent industry growth in recent years.
- 19 of 20 major markets have expanded or developed within the past 5 years, or are planning a future expansion program.

CSL Industry Research – Requirement of Ballroom Space

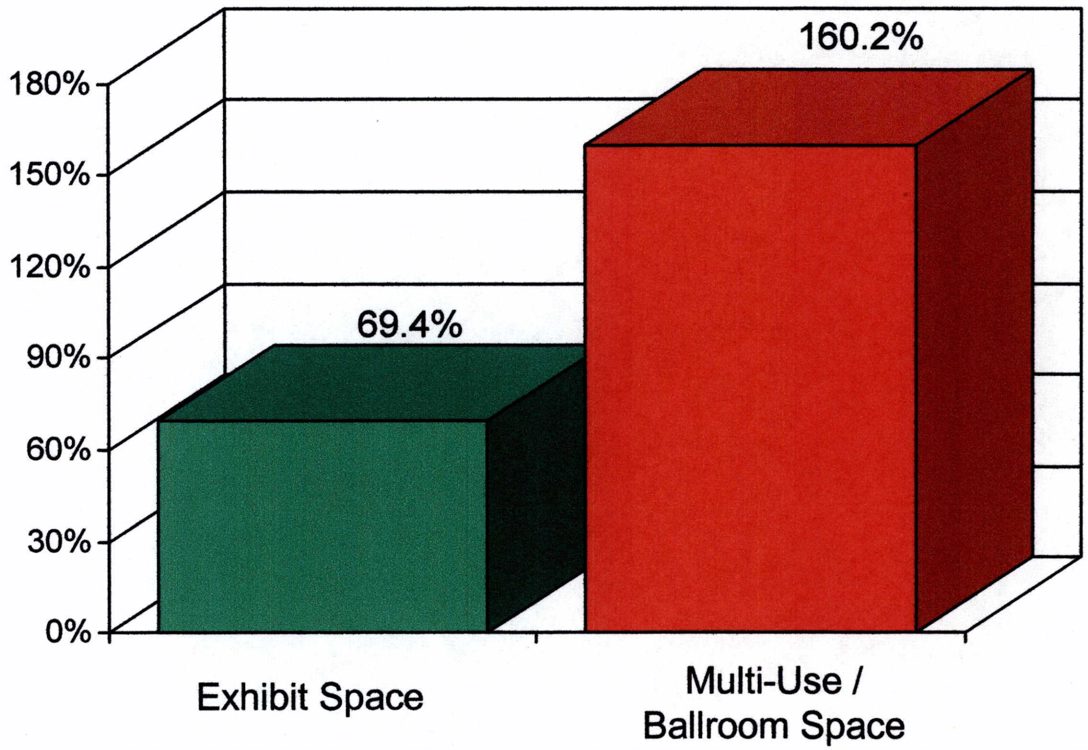


Source: Interviews with national organization event planners, 2001-2005

Examples of Typical Multi-Use Space Events

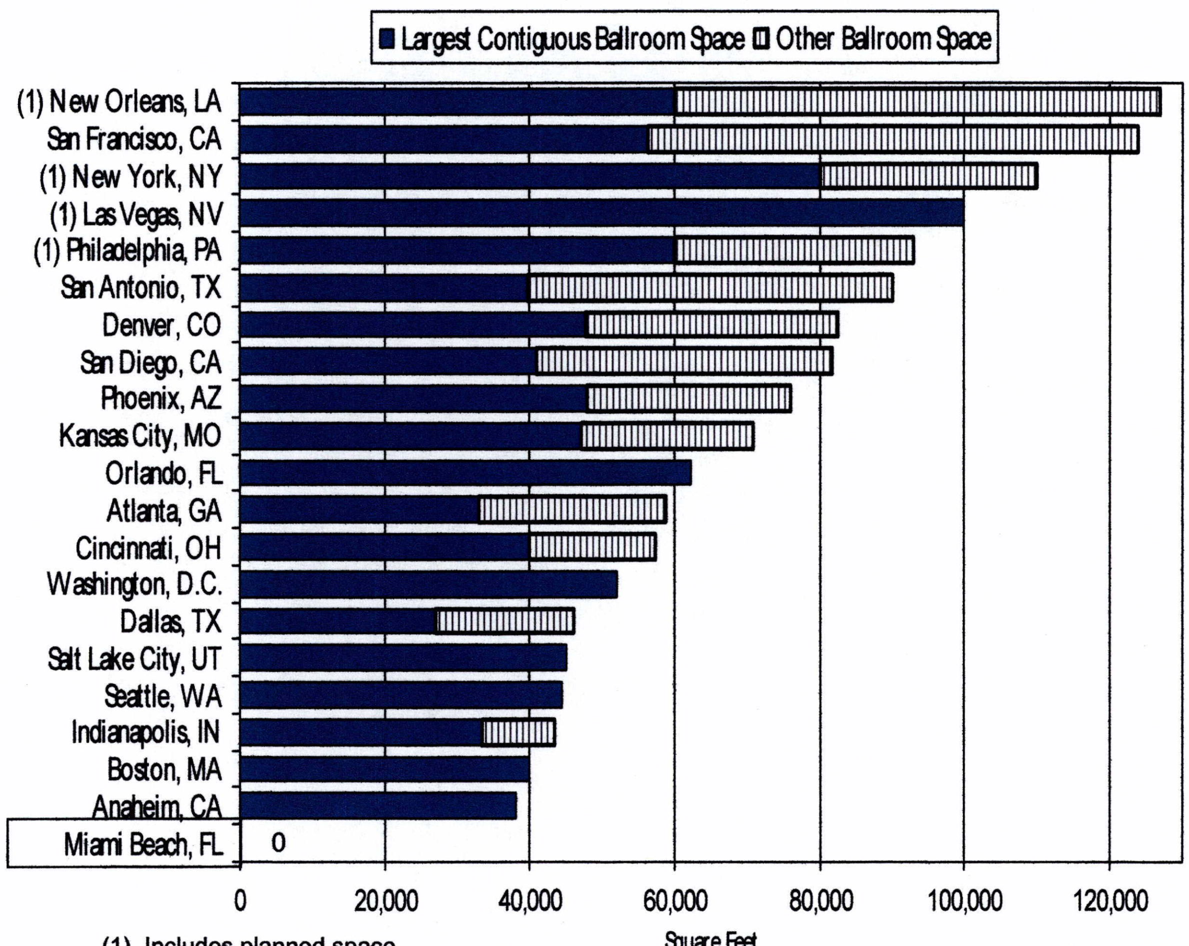
- Annual shareholders meetings
- Corporate and association banquets
- Corporate holiday parties
- Food and beverage functions
- General sessions
- Lectures
- Light exhibits
- Marketing presentations (i.e., Tupperware, Mary Kay, Amway, etc.)
- Political speaking engagements/fundraisers
- Training sessions

Percentage Increase in Convention Center Square Footage Levels Since 1996



Source: Facility floorplans, 1996 & 2006

Comparison of Ballroom/General Session Space – Competitive & Comparable Facilities



(1) Includes planned space

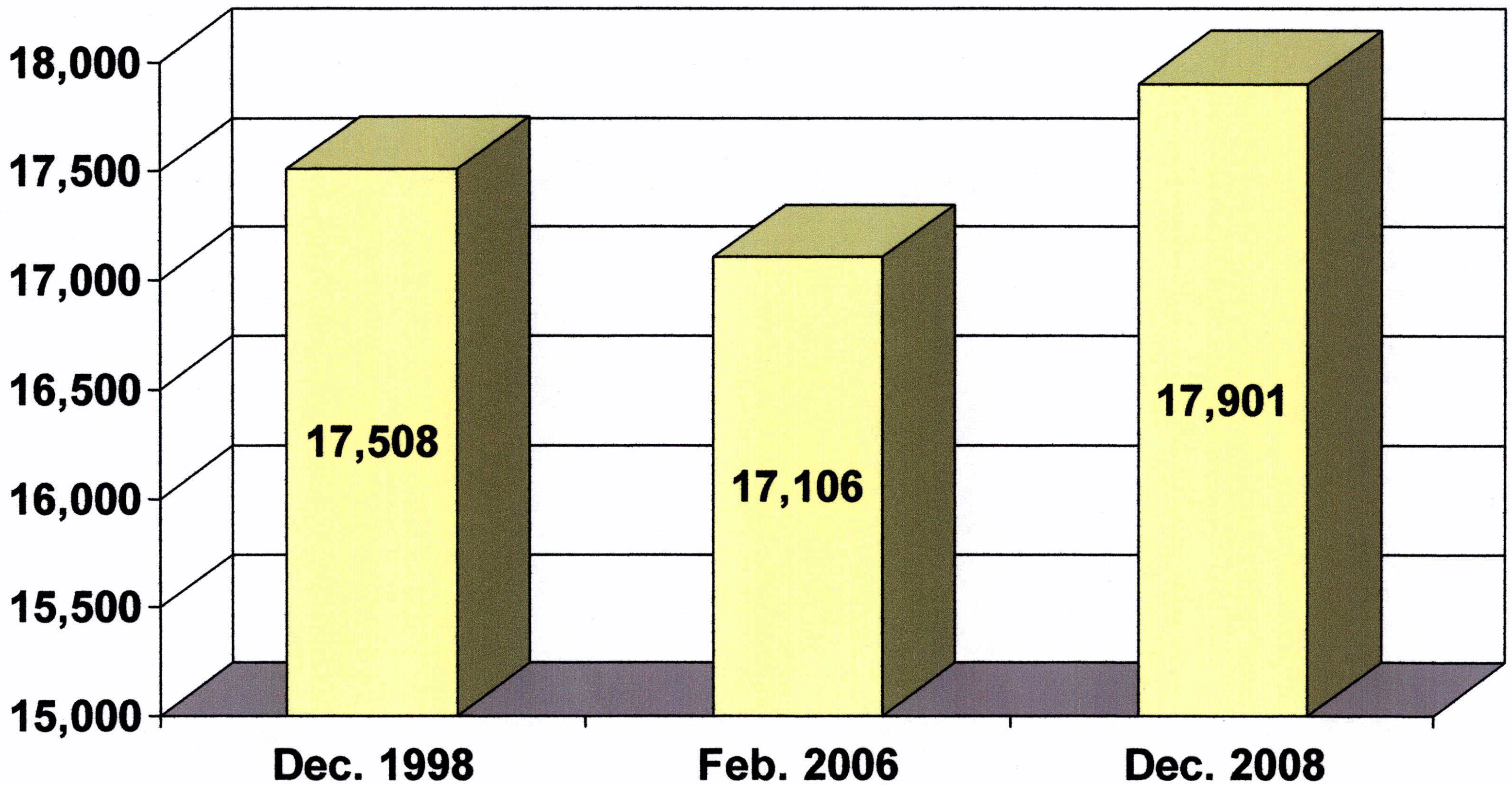
Sources: facility management, floorplans and industry publications, 2006

- Top markets continue to improve.
- 14 markets – recent projects or under construction.
- Other markets planning expansions.

Economic Impact - Citywide Conventions

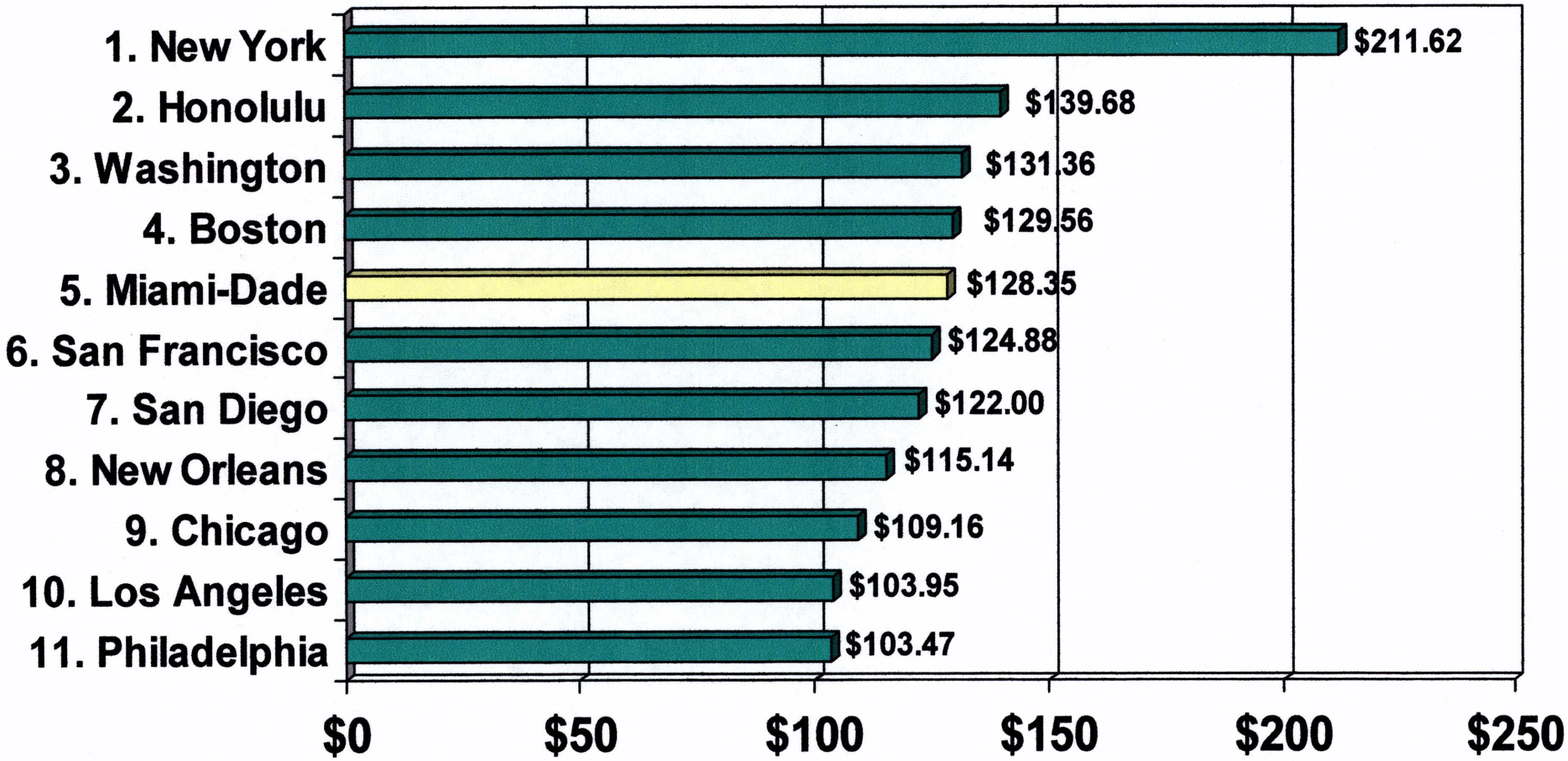
- **$100 million** – booked for 2005, ‘06, ‘07
- **$161 million** – pending business
- **$1.4 billion** – potential high value customers
  - Cisco, Oracle, Sun Microsystems, Toyota, Kawasaki, State Farm
  - $1.0 billion during summer/shoulder

Miami Beach Hotel Room Inventory



Source: Florida Dept. of Business Regulation, Division of Hotel and Motel Licenses; City of Miami Beach

Room Rates in Top 11 U.S. Markets - 2005



Source: Smith Travel Research